UNITED STATES PATENT AND TRADEMARK OFFICE

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EXAMINER
PATEL, JAGDISH

ART UNIT	PAPER NUMBER
3624	

DATE MAILED: 12/22/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

PTO-90C (Rev. 10/03)

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE _3_ MONTH(S) FROM
THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed
  after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any
  earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on _23 September 2003_.

2a)☒ This action is **FINAL**.   2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is
closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) _1-27_ is/are pending in the application.

    4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) _1-27_ is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. §§ 119 and 120

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All b)☐ Some * c)☐ None of:

      1.☐ Certified copies of the priority documents have been received.

      2.☐ Certified copies of the priority documents have been received in Application No. _____.

      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage
application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

13)☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application)
since a specific reference was included in the first sentence of the specification or in an Application Data Sheet.
37 CFR 1.78.

    a) ☐ The translation of the foreign language provisional application has been received.

14)☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121 since a specific
reference was included in the first sentence of the specification or in an Application Data Sheet. 37 CFR 1.78.

Attachment(s)

1)☒ Notice of References Cited (PTO-892)
2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3)☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____.
4)☐ Interview Summary (PTO-413) Paper No(s). _____.
5)☐ Notice of Informal Patent Application (PTO-152)
6)☐ Other: .

DETAILED ACTION

1.   This communication is in response to amendment filed
9/23/03.

Response to Amendment

2.   Claims 1-27 have been amended and claims 28-54 have been
canceled per request.

Response to Arguments

3.   Applicant's arguments regarding 35 USC 101 rejection of

claims 1-54 (now pending claims 1-27) have been fully considered

but they are not persuasive. Accordingly, 35 USC 101 rejection

of claims 1-27 has been maintained.

4.   While the applicant's assertion regarding claim 1 as being

directed to a tangible, concrete and useful result is

persuasive, the amendment fail to cure the deficiency regarding

the claim not falling within technological art.

5.   The term "network-based" is recited in preamble without any

support in the claim limitations and is not afforded any

patentable weight. The term "automatically" does not reflect a

technological art because broadly interpreted "automatic" means

"acting or operating in a manner independent of external

influence or control". The method steps "identifying..on of the

multiple items as being irregular items" and "automatically

removing irregular item data" can be performed without manually

by an individual without any aid of technological means.

6.   Applicant's arguments, with respect to 35 USC 112 rejection

of claims 1-27 have been fully considered and are persuasive.

Accordingly, the rejection of claims under 35 USC 112 as being

indefinite and unclear has been withdrawn. However, amended

claims have necessitated new grounds for 35 USC 112

rejection(s). See appropriate section below.

7.   Applicant's arguments, see section 4, pp. 4 and 5, filed

9/23/03, with respect to the rejection(s)of claim(s) 1-10, 15-16

and 22-25 (see para 18 of office action mailed 5/20/03) under

35 USC 102 have been fully considered and are persuasive.

      Therefore, the rejection has been withdrawn. However, upon

further consideration, a new ground(s) of rejection is made for

all pending claims in view of newly found art.

Statute Cited in Prior Action

8.   The text of those sections of Title 35, U.S. Code not

included in this action can be found in a prior Office action.

Claim Rejections - 35 USC § 101

9.   Claims 1-21 are rejected under 35 U.S.C. 101 because the
claimed invention is directed to non-statutory subject matter.

[Note: The following analysis of claim 1 also applies to dependent
claims 2-21.]

10.   As an initial matter, the United States Constitution under Art. I, §8,
cl. 8 gave Congress the power to "[p]romote the progress of science and
useful arts, by securing for limited times to authors and inventors the
exclusive right to their respective writings and discoveries". In carrying
out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent
to "[w]hoever invents or discovers any new and useful process, machine,
manufacture, or composition or matter, or any new and useful improvement
thereof." Therefore, a fundamental premise is that a patent is a statutorily
created vehicle for Congress to confer an exclusive right to the inventors
for "inventions" that promote the progress of "science and the useful arts".
The phrase "technological arts" has been created and used by the courts to
offer another view of the term "useful arts". See In re Musgrave, 167 USPQ
(BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is
eligible for a patent is to determine if the invention is within the
"technological arts".

Further, despite the express language of §101, several judicially
created exceptions have been established to exclude certain subject matter as
being patentable subject matter covered by §101. These exceptions include
"laws of nature", "natural phenomena", and "abstract ideas". See Diamond v.

Diehr, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have

found that even if an invention incorporates abstract ideas, such as

mathematical algorithms, the invention may nevertheless be statutory subject

matter if the invention as a whole produces a "useful, concrete and tangible

result." See State Street Bank & Trust Co. v. Signature Financial Group, Inc.

149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent

Appeals (CCPA) decided an appeal from the Board of Patent Appeals and

Interferences (BPAI). See In re Toma, 197 USPQ (BNA) 852 (CCPA 1978). In

Toma, the court held that the recited mathematical algorithm did not render

the claim as a whole non-statutory using the Freeman-Walter-Abele test as

applied to Gottschalk v. Benson, 409 U.S. 63, 175 USPQ (BNA) 673 (1972).

Additionally, the court decided separately on the issue of the "technological

arts". The court developed a "technological arts" analysis:

11.   The "technological" or "useful" arts inquiry must focus on whether the

claimed subject matter...is statutory, not on whether the product of the

claimed subject matter...is statutory, not on whether the prior art which the

claimed subject matter purports to replace...is statutory, and not on whether

the claimed subject matter is presently perceived to be an improvement over

the prior art, e.g., whether it "enhances" the operation of a machine. In re

Toma at 857.

In Toma, the claimed invention was a computer program for translating a

source human language (e.g., Russian) into a target human language (e.g.,

English). The court found that the claimed computer implemented process was

within the "technological art" because the claimed invention was an operation

being performed by a computer within a computer.

The decision in State Street Bank & Trust Co. v. Signature Financial

Group, Inc. never addressed this prong of the test. In State Street Bank &

Trust Co., the court found that the "mathematical exception" using the

Freeman-Walter-Abele test has little, if any, application to determining the

presence of statutory subject matter but rather, statutory subject matter

should be based on whether the operation produces a "useful, concrete and

tangible result". See State Street Bank & Trust Co. at 1374. Furthermore,

the court found that there was no "business method exception" since the court

decisions that purported to create such exceptions were based on novelty or

lack of enablement issues and not on statutory grounds. Therefore, the court

held that "[w]hether the patent's claims are too broad to be patentable is

not to be judged under °101, but rather under §§102, 103 and 112." See State

Street Bank & Trust Co. at 1377. Both of these analysis goes towards whether

the claimed invention is non-statutory because of the presence of an abstract

idea. Indeed, State Street abolished the Freeman-Walter-Abele test used in

Toma. However, State Street never addressed the second part of the analysis,

i.e., the "technological arts" test established in Toma because the invention

in State Street (i.e., a computerized system for determining the year-end

income, expense, and capital gain or loss for the portfolio) was already

determined to be within the technological arts under the Toma test. This

dichotomy has been recently acknowledged by the Board of Patent Appeals and

Interferences (BPAI) in affirming a §101 rejection finding the claimed

invention to be non-statutory. See Ex parte Bowman, 61 USPQ2d (BNA) 1669

(BdPatApp&Int 2001).

12.   In the present application, Claims 1-21 have no connection to the

technological arts. None of the steps indicate any connection to a computer

or technology. The step of "automatically identifying" and "automatically

removing" could be performed manually by a person based on certain

established procedure and instructions.   The term "network-based" could also

include auction carried out through a network of participants at the auction

facility or via Postal network, using a courier service such as UPS to

deliver auction information. {Note: the term "network-based auction facility"

is not accorded any patentable weight because the claimed invention does not

depend on the origin of the second report] Therefore, the claims are

directed towards non-statutory subject matter. To overcome this rejection

the Examiner recommends that Applicant amend the claims to better clarify

which of the steps are being performed within the technological arts, such as

incorporating a <u>computer or electronic network as appropriate.</u>

Claim Rejections - 35 USC § 112

13.   Claims 11 and 12 are rejected under 35 U.S.C. 112, second

paragraph, as being indefinite for failing to particularly point

out and distinctly claim the subject matter which applicant

regards as the invention.

14.   Claims 11 and 12 recites the limitation "choosing the
predetermined price-based value from a plurality of
predetermined price-based values", this limitation does not
relate to "automatically converting" step because the
predetermined price-based value already existed in the first
currency. For example, the POS data include sales price data
inherently in a first currency in which sales occurs at the POS
(see discussion of Cook reference as applied to 102 rejection of
claim 1). The conversion of the price-based values to a second
currency therefore has no use in the choosing step. The claim is
also rendered unclear as to the relation of step "automatically
converting ..to a second currency" to any other limitation.

15.   claims 18-21 recite limitations "storing a seller
identification associated with the irregular item" and
"restricting the user associated the user ..from using the
network-based facility" have no relationship to any limitation
of the parent claim. For example, claims 20-21 deals with
restricting "the user associated with a seller identification"
from using the auction facility, whereas the parent claim
pertains to generating a "first report" where irregular item
data corresponding to irregular items have been removed. Since,
the relationship of the subject matter of the dependent claim(s)

is not properly established to that of the parent claim, the

claim(s) are rendered indefinite and failing to failing to

particularly point out and distinctly claim the subject matter

which applicant regards as the invention.

This analysis also applies to claims 19-21.

Claim 26. the limitation "wherein the irregular item flag

can may be unset" does not limit any of the system elements "a

database" or "a database engine server" and therefore is unclear

as to how it affects the scope of the system.

Claim 27: it is unclear and indefinite as to how the "look-

up" table relates to the functionality of the database engine

server because the later does not require any "currency

conversion rates and "price-based values based on auction

categories".

Claim Rejections - 35 USC § 102

16. The following is a quotation of the appropriate paragraphs

of 35 U.S.C. 102 that form the basis for the rejections under

this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this
or a foreign country or in public use or on sale in this country, more than one
year prior to the date of application for patent in the United States.

17.   Claims 1,4 and 23 are rejected under 35 U.S.C. 102(b) as

being anticipated by Cook (US Pat. 5,895,453) (Hereafter Cook).

     Claim 1: Cook teaches a method of generating a first report
by filtering out item data in a second report in a network-based
auction facility, the method including:

     receiving item data from the second report corresponding to
multiple items, the data including a price-based value for each
of the multiple items
     (see Fig. 1 and 2, col. 4 L 42- col. 5 L 44 the second
report corresponds to `client polled record(s)" shown in Fig.2,
As shown second report corresponds to and include audited POS
data 2A `culled from various point of sale devices".., which
correspond to multiple items including a price-based value for
each of the multiple items sold, the POS data 2A is received at
extraction process 10 to `render data extracts 12");

          automatically identifying at least one of the multiple
items as being an irregular item based on the price-based value
for the irregular item being greater than a predetermined price-
based value; and

          (see col. 5 L 45- col. 6 L 26; see process of data
extraction 10 and data extracts 12, which shows `suspect
categories of records", which include `sales of selected types",
`sales with any form of discount" etc. each of which inherently
identify at least one of the multiple items as being an
irregular item based on the price-based value for the irregular
item being greater than a predetermined price-based value);

          automatically removing irregular item data
corresponding to the irregular item
     from the received item data to thereby generate the first
report including filtered data.

     (see col. 5 L 45- col. 6 L 26; see process of data
extraction 10 and data extracts 12, which shows `suspect
categories of records", which include `sales of selected types",
`sales with any form of discount" etc. each of which inherently
identify at least one of the multiple items as being an
irregular item based on the price-based value for the irregular
item being greater than a predetermined price-based value, data

extracts automatically removes (sorts) the irregular item data
(suspect merchandise price data) as specified in suspect
categories of records, the first report is generated as
"exception list matrices" or alternatively "special request
reports").

Claim 4. The method of claim 1, wherein the removing of
the irregular item data includes removing
the irregular item data from the filtered data.

(refer to Data extracts 12 which require that
irregular (suspect) item data be removed (extracted) from one of
the four categories of data records e.g. 2A as discussed in
claim 1.)

Claim 23.   (Note claim 23 recites a structure of the system
in a "means plus function" format and accordingly analyzed as
conforming to 112(sixth) examination guideline, see MPEP 2181
[R-1]   Identifying a 35 U.S.C. 112, Sixth Paragraph
Limitation).

Cook teaches a system for generating a first report by
filtering out item data in a second report in network-based
auction facilities, the system including:

means for automatically identifying at least one of the
multiple items as being an irregular item based on the price-
based value for the irregular item being greater than a
predetermined price-based value;

(refer to Figure 1, audited POS data 2A, col. 5 L 8-15,
"client polled data ..grouped in to different categories, for
example "audited POS data" which inherently include sales data
identifying at least one of the multiple items as being an
irregular item based on the price-based value for the irregular
item being greater than a predetermined price-based value)

and

means for automatically removing the irregular item data
corresponding to the irregular item from the received item data
to thereby generate a first report including filtered data

(Refer to data extracts 12, Fig. 2 which automatically
removing the irregular item data corresponding to the irregular

item from the received item data to thereby generate a first
report including filtered data (such reports for example include
exception reports 8A)).

Claim Rejections - 35 USC § 103

18.   The following is a quotation of 35 U.S.C. 103(a) which

forms the basis for all obviousness rejections set forth in this

Office action:

> (a) A patent may not be obtained though the invention is not identically
> disclosed or described as set forth in section 102 of this title, if the
> differences between the subject matter sought to be patented and the prior
> art are such that the subject matter as a whole would have been obvious at
> the time the invention was made to a person having ordinary skill in the
> art to which said subject matter pertains. Patentability shall not be
> negatived by the manner in which the invention was made.

19.   Claims 2-17,are rejected under 35 U.S.C. 103(a) as being

unpatentable over Cook (US Pat. 5,895,453) and further in view

of Anderson.

Claim 2: Cook fails to teach, however, Anderson in the same
field of endeavor, teaches a method of generating a report
including removing the irregular item data by setting an
irregular item flag for the irregular item ;and
including only item data for items not having the irregular
item flag this not set in the filtered data.

(refer to Table 3, col.6 and 7 Reports generated by invoice
analyzer 32, Note irregular items are identified by irregular
item flags "RED", Anderson also teaches including only item data
for items not having the irregular item flag because these data
is identified via GREEN and YELLOW flags)).

It would have been obvious to one of ordinary skill in the
art at the time of invention to modify Cook per disclosure of
Anderson generate report by the aforementioned steps because it

would enable an user to generate reports with regular items as
it is customary practice to generate reports for different
applications, e.g. fraud analysis, accounting etc.

Claim 3 and 4. unsetting the irregular item flag of each
item having an irregular item flag set if the item is found to
be legitimate.

(these steps are inherent to Cook and in general any form
of sales reports because they is required to maintain up-to-date
records and accurate sales data. In particular, Cook teaches a
form of unsetting of the irregular flags at step 82 shown in
Figure 7. Note also that it is a customary business practice to
periodically audit and correct sales report for accuracy and
validity of the data presented therein).

Claims 5 and 6. Cook and Anderson fail to expressly show
that irregular item includes a disingenuous bid per (claim 5),
the irregular item does not physically exist (claim 6)

However these differences are only found in the
nonfunctional descriptive material and are not functionally
involved in any steps of method claim including `removing" step.
The `removing" step would be performed the same regardless of
the nature or attribute of the irregular item. Thus, this
descriptive material will not distinguish the claimed invention
from the prior art in terms of patentability , see In re Gulack,
703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); In re
Lowry, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of

ordinary skill in the art at the time the invention was made to

automatically remove any irregular item because such information

about the irregular item do not functionally relate to the steps

in the method claimed or patentably distinguish the claimed

invention.

Claim 7.   generating the filtered data at predetermined
time intervals;

(Refer to col. 5 L 33-36 Process 10 is typically fashioned
to be performed at regular, routine, periodic, scheduled
intervals, as in weekly or daily, and is not designed to run in
continuous mode.).

Claims 8-10 are analyzed in a similar manner as claims 5

and 6.

Claim 11.   automatically converting the price-based values
of the multiple items from a first currency to a second currency
and choosing the predetermined price-based value from a
plurality of predetermined price-based values based on the first
currency.

(inherently, Cook teaches that the second report presents
POS sales data in a first currency and that the first report
(e.g. exception list 8A presented in detail at col. 8-11).

Claim 12. Cook fails to teach that the choosing of the
plurality of predetermined price-based values includes selecting
the value from a table.
However, Official Notice is taken that choosing a value or
a parameter from a table for financial analysis or generating a
report is old and well known business practice. For example,
some of the exception list reports may be based on sales based
table of returns amounts by providing acceptable (or normal)
amounts of returns provided in the form of a table.
It would have been obvious to one of ordinary skill in the
art at the time of applicant's invention to perform the choosing
step based on selection of the value from a table because it
would facilitate presentation of the filtering criteria in a
convenient form.

Claims 13: Cook fails to teach automatically choosing the
predetermined price-based value from a plurality of
predetermined price-based value values based on a category in
which the irregular item was auctioned within the network-based
auction facility.
Cook teaches generating of reports pertaining to retail
sales wherein goods and services are sold in many categories,

such as garments, electronics etc., each category requiring a
different predetermined values to form a criteria for exception
records. Therefore it is asserted that the choosing step as
claimed is required and therefore inherent to generation at
least one of the exception reports discussed in Cook.

Claim 14. wherein the choosing of the plurality of
predetermined price-based value includes selecting the value
from a table of predetermined price-based values.

(refer to analysis of claim 11).

Claims 15-17 are analyzed in a similar manner as claims 5

and 6.

Claim 22: all limitations of claim 22 have been analyzed
according to respective method claim 1.

Claim 24. Cook teaches a system for generating a first
report by filtering out item data in a second report in network-
based auction facilities, the system including;

a database storing data concerning multiple items having a
price-based value for each of the multiple items;
(Audited POS data 2A, Figure 2)

a database engine server including an irregular activity
monitoring system wherein the irregular activity monitoring
system automatically identifies at least one of the multiple
items as being an irregular item based on the price-based value
for the irregular item being greater than a predetermined price-
based value and automatically removes the irregular item data
corresponding to an irregular item from the received item data
to thereby generate the first report including filtered data.

(refer to claim 1 analysis, also refer to data extraction
process (inherently including a server) which generates a first
report of exception list matrices 8A).

Claim 25.   analyzed as per corresponding method claim 2.

Conclusion

20. Applicant's amendment necessitated the new ground(s) of

rejection presented in this Office action. Accordingly, THIS

ACTION IS MADE FINAL. See MPEP § 706.07(a). Applicant is

reminded of the extension of time policy as set forth in 37

CFR 1.136(a).

A shortened statutory period for reply to this final action

is set to expire THREE MONTHS from the mailing date of this

action. In the event a first reply is filed within TWO MONTHS

of the mailing date of this final action and the advisory action

is not mailed until after the end of the THREE-MONTH shortened

statutory period, then the shortened statutory period will

expire on the date the advisory action is mailed, and any

extension fee pursuant to 37 CFR 1.136(a) will be calculated

from the mailing date of the advisory action. In no event,

however, will the statutory period for reply expire later than

SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier

communications from the examiner should be directed to Jagdish

Patel whose telephone number is (703) 308-7837. The examiner

can normally be reached Monday-Thursday from 8:00 AM to 6:00 PM.

If attempts to reach the examiner by telephone are

unsuccessful, the examiner's supervisor, Vincent Millin, can be

reached at (703) 308-1038. The fax number for Formal or Official

faxes to Technology Center 3600 is (703) 305-7687. Draft faxes may be submitted directly to the examiner at (703) 746-5563.

Any inquiry of a general nature or relating to the status of this application should be directed to the Group receptionist whose telephone number is (703) 308-1113 or 308-1114. Address for hand delivery is 2451 Crystal Drive, Crystal Park 5, 7th Floor, Alexandria VA 22202.

Jagdish N. Patel
(Examiner, AU 3624)
12/12/03